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UNITED STATES OF AMERICA

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COMMISSIONERS:
Thomas C. Brennan
Douglas E. Coulter
Mary Lou Burg
Clarence L. James, Jr.
Frances Garcia

December 11, 1980

Morris B. Abram, Esq.
Paul, Weiss, Rifkind, Wharton
& Garrison
345 Park Avenue
New York, N.Y. 10154

Dear Morris:

We request that you submit to us (for simultaneous distribution to all Commissioners and other parties) by noon Monday, December 15 the comments of your client in the mechanical royalty proceeding concerning the following two general schemes of a mechanical royalty final regulation:

Proposal A

1. As of January 1, 1982 the mechanical royalty basic rate of 2 3/4¢ would be adjusted by the percentage amount record prices have increased between January 1, 1975 and January 1, 1981.
2. Commencing on January 1, 1983 there would be annual adjustments of the 1982 rate by the percentage amount record prices have increased during the period covered by the adjustment.
3. The regulations for the adjustment and related implementing regulations will be those proposed by the RIAA, subject to such modifications as the Tribunal may at this time determine to be desirable.
4. As an alternative modification of Items 1 and 2, the basic rate could be established as of January 1, 1982 on the basis of the record in this proceeding and the statutory criteria at 3 1/4¢. As of January 1, 1983 the rate would be 2 3/4¢ increased by the amount record prices have increased between January 1, 1975 and January 1, 1982. There would be subsequent annual adjustments.

Proposal B

1. On the basis of the statutory criteria and the record of the proceeding, the mechanical royalty basic rate would be adjusted as of January 1, 1982 to 3 1/4¢.

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2. As of January 1, 1984 this rate would become 4.5% of the suggested list price.

3. The regulations concerning the percentage formula will be those proposed by the NMPA, subject to such modification as the Tribunal may at this time determine to be desirable.

Reply comments on these matters may be submitted by noon Tuesday, December 16.

We appreciate your assistance in this matter and we are confident that your contribution will make a further useful addition to the Tribunal's mechanical royalty record.

Sincerely yours,


Thomas C. Brennan

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Douglas E. Coulter



TCB/DEC/n1